New Tech Trends section . . . page 89

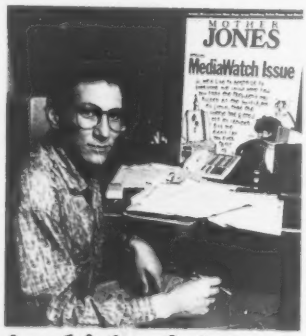
Folio:

MAY 1989 THE MAGAZINE FOR MAGAZINE MANAGEMENT $6.50

Business press hits the ad page wall

The data on the business press chart a dangerous trend. Revenues are up, but pages are flat. Business magazines with growing page counts are most likely increasing market share at another magazine's expense. Have we run out of pages to be gained? Learn what experts in publishing have to say, and see, via extensive charts, what has been happening to pages and revenues, market by market, over the last three years. **112**

STEPHEN TURK



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A vehicle of change

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Interview without Warhol 57

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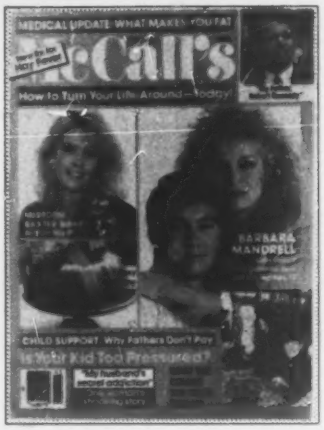
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- *55.2% 3+ Household Members*

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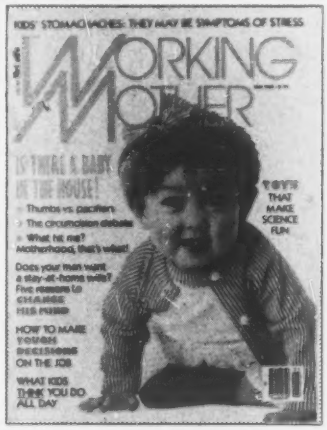
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Vol. 18 No. 5

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ABP The Audit Bureau MPA

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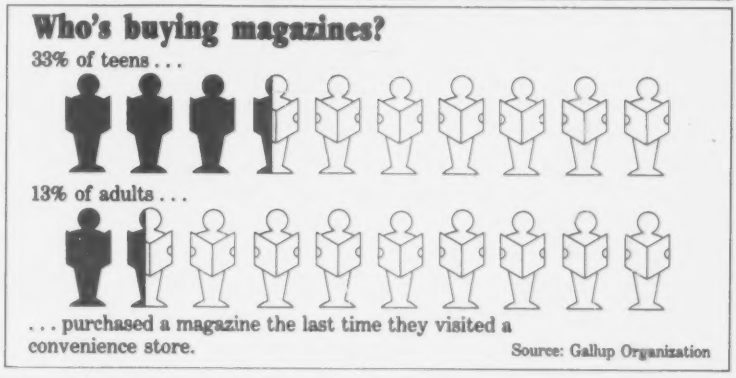
Revealed: Why teens hang out at 7-Eleven

West Caldwell, N.J.—One in three teens bought a magazine the last time they were in a convenience store, according to a recent month-long survey conducted by the Gallup Organization.

Moreover, 65 percent of teenagers bought a magazine during the month of the study (February 1988), Gallup states. The average teen bought three magazines during that span.

And it's not just the *Tiger Beat* genre that sells. More than one in 10 teenagers bought more popular sports and fashion magazines.

"Teens are a viable market in convenience stores," says Jack Fitzmaurice, publisher of *Periodicals Merchandiser*. "The amount of money they have to spend in convenience stores and even in supermarkets has grown. Teens have a large amount of discretionary money at their disposal, with [both parents] working."


Who's buying magazines?
33% of teens . . .
13% of adults . . .
. . . purchased a magazine the last time they visited a convenience store.
Source: Gallup Organization

***More adults than teens** frequent convenience stores, but teens seem to be more loyal magazine buyers.*

Both publishers and magazine distributors, he notes, should make stronger efforts to capitalize on teens' buying habits.

The survey, however, wasn't detailed enough to convince convenience store operators to change their displays, according to single-copy consultant Fred Ward, president, FJW, Inc. Store owners, he says, would need more information about the amount of money teenagers spent on other products in relation to magazines.

The same study also reveals that 13 percent of all adults bought a magazine the last time they were in a convenience store; 31 percent purchased a copy during the month. The percentage of magazine buyers is lower, Fitzmaurice explains, because a greater volume of adults frequent the stores.—*K.S.*

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American Express Publishing Corp. The category is also being challenged with the entry of *Fame*, notes Smith. It makes perfect sense for *Interview* to reshape its identity, she adds.

Remembering Andy

The current *Interview* team is confident it can orchestrate a turnaround. For starters, in early 1989 the magazine dropped its first direct mail package in two years, a 500,000-piece effort. A similar mailing is scheduled for mid-year, says Lucy Lustig-Curtis, circulation and business director. So, too, has the magazine's look changed. Covers, for example, have gone from Warhol-like illustrations of famous faces to photographic portraits—though no less striking than their predecessors.

But getting back on track has been difficult for the *Interview* crew, many of whom have been with the magazine for years, and who remember Andy fondly. Certainly Warhol's presence had a lot to do with the fortunes of the magazine. "He was a big help in selling ads," recalls Paige Powell, advertising and promotion director. "He would entertain. We always did daily lunches and had dinners with advertisers three or four nights a week. They were very small gatherings," she explains.

After Warhol's death in 1987 there was talk that the magazine would have to be sold to settle part of Warhol's estate. "That is rubbish," retorts publisher Fred Hughes, a part of Warhol's circle for 25 years.

Still, the perception hurt the magazine for at least a year. "Our competitors would see us on a sales call and say: 'We hear that your magazine is folding, that it is for sale,' " recalls Powell. "They were trying to convince the agency people to go with their magazines."

Interview management reportedly inquired on the magazine's worth shortly after Warhol's death, according to sources. One estimate was $10 million. The management team continues to deny that the magazine is up for sale.

Would Warhol approve?

Staffers believe that Warhol would approve of *Interview*'s new slant. "Andy was about evolving and having things evolve," says Powell. "The change of direction is really good. People are more sophisticated now. They are more into literature than the disco generation was. This is not to say that we've lost a sense of humor. Now we show a beautiful face, or maybe a face that isn't beautiful," she says.

Not all *Interview* staffers speak so openly about the new direction. For example, Hughes still likes to identify the magazine as a "nonconformist conspiracy," and plays down the notion that the magazine has been reshaped.

Yet editorial has clearly moved away from the Warhol signature—the Warhol interview style, which some saw as clever and observant, others as self-indulgent chatter. And even if the magazine fails to win back advertisers and readers, many of the magazine's publishing peers believe it is heading in the right direction. Kurt Andersen, co-editor of *Spy* and screening panel member for the National Magazine Awards, gives the new editorial thrust high marks. "In the early '80s the magazine was getting more and more parochial. I read three recent issues and was pleasantly surprised," he concludes. "The editorial was intelligent and energetic."—*J.M.A.*

A new trip for *Traveler*

Shaking up the old guard at the Society has raised competition in the travel field again

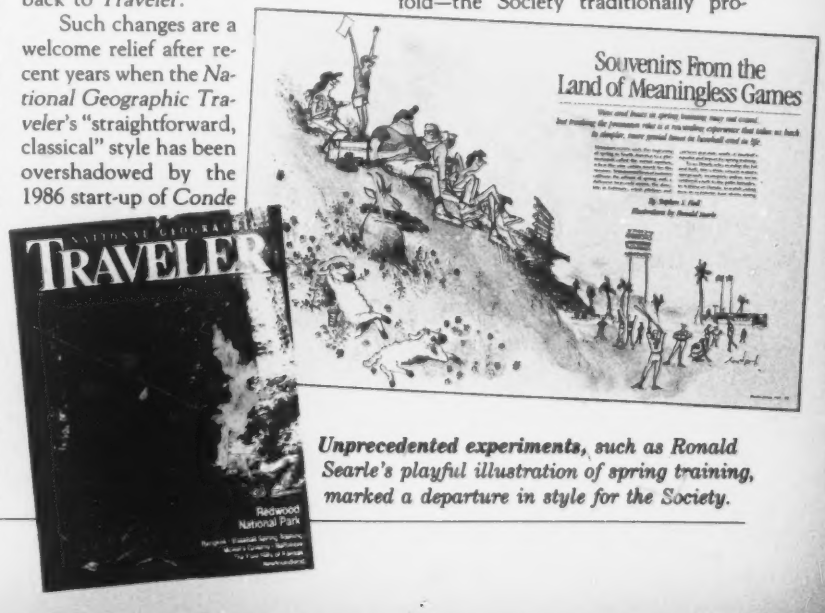
Washington, D.C.—Foreign cultures are nothing new for travel magazines. But for the *National Geographic Traveler*, a bit of culture shock is being felt at home.

A significant circulation decline forced changes at *National Geographic Traveler*, which have begun to show results. It hired a new editor, who orchestrated a facelift. It increased its frequency, raised subscription prices, and added two new international editions. Advertising for the March/April issue is up, sparking hope that readers will notice the changes as well and come back to *Traveler*.

Such changes are a welcome relief after recent years when the *National Geographic Traveler*'s "straightforward, classical" style has been overshadowed by the 1986 start-up of *Conde Nast's Traveler*, known early on for articles that provoked advertisers and an innovative introduction under editor in chief Harold Evans that shook up the travel magazine field.

Having published its travel title since 1984, the National Geographic Society sued Conde Nast over rights to the name "Traveler," but the court ruled in 1988 that the two competing magazines in fact have different names, *Conde Nast Traveler* and *National Geographic Traveler*. Meanwhile, circulation at the *National Geographic Traveler* slipped from around one million three years ago to the current average paid circulation of 809,000.

That inspired Robert L. Breeden, the Society's senior vice president, publications and educational media, to do something unusual: Last June he hired a new editorial director, Richard Busch, from outside the Geographic fold—the Society traditionally pro-



***Unprecedented experiments,** such as Ronald Searle's playful illustration of spring training, marked a departure in style for the Society.*

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Travel titles looking to reshuffle the numbers

	Ad pages (PIB)	Ad revenue (PIB in millions)	Circulation (ABC in thousands)
Conde Nast's Traveler (monthly)	629	13.1	753
European Travel & Life (monthly)	474	7.7	288
Nat'l Geographic Traveler (quarterly)	144	3.3	797
Travel & Leisure (monthly)	1,413	44.8	1,126

1988 figures; circulation figures 12/31/88

***Ad revenues were up** in 1988 for all four magazines, but circulation was down at the two* Travelers. *Conde Nast hit extremes in both directions.*

motes from within. What's more, Busch had spent the previous nine years as editor of *USAir*, an airline magazine serving a younger, business-oriented audience, with an editorial budget much smaller than any of the Geographic's four magazines.

Busch ran into conflicts immediately. Breeden had chosen not to fire the existing editor, Joan Tapper, but she quickly left to edit *Islands* magazine. Illustrations director David Bridge left as well.

Adding to the stress was adjusting to the Society's corporate culture, which included a reluctance to fire anyone, and a certain rigidity about changing editorial plans if stories weren't worth the space allotted. A penchant for research led to 10 full-time regional editor/researchers working on *Traveler* when it was quarterly. The luxurious editorial budget eclipsed cost-consciousness. "At editorial meetings people would ask, 'Should we send the photographer back to Alaska to get the bear picture?' " says Busch. "It wasn't often asked, 'Is it worth it?' "

That culture accounted for some of the problems Busch was hired to fix. The magazine had an "old-fashioned stodgy feel to it," says Busch. "Mostly that had to do with being crowded visually. It felt like the goal was to cram as much space and text in as possible. The magazine also lacked a sense of variety and pace."

Busch, who had spent seven years with *Popular Photography* and before that, several years with *Life*, has placed great emphasis on design, particularly with the January issue, the first bimonthly issue and the first created under his sole editorship. That issue featured a bolder cover logo, fewer pages in the old three-column format, more white space, greater variety in the lengths of stories, and a design that "when you turn the page, you don't feel like you've seen that layout before," he says.

Other changes include a sub price hike, up $2 per year to $17.95. Two new columns on money and photography appeared with the March/April issue. A German edition was launched in February and a Spanish edition in April, in addition to the existing Italian version, published since 1987.

Such changes appear to be paying off. The March/April issue brought in $1.1 million in advertising revenue, the largest single-issue total in *Traveler*'s five years. Total ad pages rose to 51, an 18 percent increase over the year before and the highest count since the magazine's first year.

Publishers Information Bureau figures show 1988 ad revenues rose 15 percent over 1987, from $2.9 million to $3.3 million. Ad pages were up slightly, rising 1.7 percent to 144.5.

On its own track

Busch claims he's not concerned about Conde Nast's glitzy style: "National Geographic is on its own track," he says. "We're more mainstream. A little older, more conservative, with a straightforward, classical approach."

Busch compares his magazine more closely with American Express Publishing Corp.'s *Travel & Leisure*, the field's leader according to at least one other editor at a competing magazine. Both "are more focused on travelers who are older people," says Busch. "They're the ones who have time to travel, empty nesters who don't have kids to bring up and educate anymore."—*M.H.*

Hitting the ad page wall

Business press revenues are growing, but pages are not. Can the industry recoup the ad page growth of yesteryear?

JEAN MARIE ANGELO
SENIOR EDITOR

The data on the business press chart a dangerous trend. Revenues are up, but pages are flat. Business magazines with page counts that are growing are most likely increasing market share at another title's expense. Have we run out of pages to be gained? It is a scary question, with no simple answers.

The business press leaders are perhaps "myopic," says an executive at a major business publishing company who prefers to remain anonymous. "What is happening in the business press today is almost like what happened in the American steel industry. Salespeople were told to go out and sell against other plants, when the actual competition was the plastics industry and the Japanese," says this source. "Publishers are so competitive amongst themselves that they are not seeing other ways of generating revenue. The industries are screaming to the business press: 'You have to change or you are going to die.'

"It is easy to blame the problem on rate negotiation and leave it at that. But what is rate negotiation saying? It is saying we are competing against other magazines. Cutting them down. We have to say, 'Our competition is trade shows and telemarketing.' "

Complicating the problem of identifying the competition, some consumer magazines are coming after business press dollars. Witness what has happened in the office products industry.

Today, office products generate $100 billion annually, up from $40 billion in 1985. Yet business magazines in this field are losing advertising pages to the general business titles—*Forbes*, *Fortune* and *Business Week*. Although the office products business has been booming, the cumulative total of advertising pages for three of the office products titles was down 21 percent in 1988, compared to 1985.

For foreign companies, it is a problem of image. Foreign companies are now an important component in the U.S. business world, says an executive for a vertical office products title. Most office products hardware—calculators, copy machines and facsimile units—are produced by Japanese companies. "Prestige and image are important to the Japanese. Even though our magazine may generate more responses for them, we don't have the glamour of a *Forbes* or a *Fortune*. This is a shortsighted philosophy. If pages dry up for the business titles, then titles will fold and there will be less coverage of these products. The loss of editorial will impact everyone else. Maybe we haven't done as good a job at selling our benefits," she says.

"If McDonald's were selling fewer hamburgers, you can bet they'd be worried," says a business press consultant.

The experience of this one business magazine market reflects a problem pervading the industry at large. "The business press field is a mature market," says Arthur Rosenfield, president of Business Development Group, a consulting firm that has conducted a sweeping study of the business press. "Our advertisers are just paying more for the same goods," he says. "If McDonald's were selling fewer hamburgers, you can bet they would be worried."

Rosenfield has analyzed select magazines listed in 140 of the categories that are part of the Standard Rate & Data Service's (SRDS) business di-

rectory. The statistics quoted in this article focus on the top 79 markets. The analysis is by no means all-inclusive. Several large categories—entertainment, for example—are not evaluated. Other categories, such as medical, are only marginally represented. And the totals of pages and revenues are compilations of figures supplied by Patterson Advertising Reports, C-Systems, Rome Reports, Gallagher Reports and miscellaneous sources. Still, the study, which tracks the ad pages and estimated revenues for 516 magazines (by and large the top titles in their categories), reveals overall trends.

Although ad revenues for these 516 magazines have grown from $2.177 billion in 1985 to $2.603 billion in 1988, pages have dipped. The page total was 431,350 in 1988, down from 482,173 in 1985, notes Rosenfield.

The net result is that publishers are making more gross revenue per ad page, an average yield of $6,034 in 1988. This compares to a yield of $4,515 in 1985.

Part of the page loss can be attributed to the merger and acquisition climate of today's economy.

Although much of the revenue growth in the business press is attributed to the data/computer titles, SRDS category 5A, other sources generally support Rosenfield's conclusions. (Without including these computer magazines in the mix, revenues for the magazines that Rosenfield analyzed drop to $1.948 billion for 1988. Ad pages come to 361,943 for the year.)

ABP estimate

The Association of Business Publishers (ABP) issues its own estimates of all the U.S.-based business magazines that have at least a quarterly frequency: a total of 2,725. Ad pages came to 1,845 million in 1987, down slightly from the previous year. Ad revenues, however, grew by a healthy 10 percent in 1987, for a total of $3.5 billion. What is more disturbing is the growth rate of pages versus revenues during the

Magazine categories ranked by 1985-1988

Markets	No. of magazines tracked	1985 ad pages	1986 ad pages	1987 ad pages	1988 ad pages
Automatic data systems	47	67,027	68,399	74,017	69,407
Building	9	5,960	5,344	6,558	7,165
Hotels/motels/clubs/resorts	4	2,940	3,380	3,722	3,750
Pollution control	3	1,572	1,797	1,924	2,192
Industrial purchasing	1	1,219	1,868	1,730	1,764
Restaurants & food service	15	19,329	19,410	19,600	19,686
Food processing & distribution	8	5,168	5,074	5,547	5,513
Plastics & composition products	7	3,791	3,712	3,725	4,124
Journalism & publishing	1	927	925	1,107	1,237
Rental & leasing equipment	2	1,147	1,328	1,168	1,446
Packaging mfrs./paperboard/ wood boxes/barrels	4	2,587	2,747	2,596	2,866
Engineering & construction	14	11,173	12,102	12,008	11,442
Security	2	1,631	1,923	2,101	1,881
Photographic	4	1,188	1,354	1,548	1,427
Stone products	2	901	926	975	1,121
Furniture & upholstery	3	3,099	3,233	2,946	3,298
Paper	4	2,484	2,995	2,154	2,632
Hardware	3	2,809	2,841	2,726	2,977
Motion/talk/sound/ commericial pictures	2	1,072	1,026	1,238	1,217
Water supply & sewage	6	1,947	2,035	1,723	2,024
Materials	1	544	501	460	613
Power transmission components & systems	1	976	662	475	987
Travel business conventions & meetings	8	7,361	7,623	7,642	7,371
Industrial	2	1,465	1,555	1,480	1,438
Industrial distribution	1	1,082	957	813	1,027
Appliances	2	1,209	1,210	900	1,126
Dairy products	1	784	777	859	685
Welding	3	1,819	1,846	1,798	1,689
Maintenance	6	3,159	3,170	3,268	3,016
Materials handling & distribution	1	295	129	148	151
Architecture	4	5,100	4,568	4,914	4,949
Plant engineering/facilities maintenance/operations	6	4,614	3,774	3,385	4,462
Safety/accident prevention	3	1,409	1,460	1,445	1,254
Government & public works	6	3,415	2,891	2,830	3,236
Railroad	4	1,926	1,652	1,398	1,725
Military & naval	1	366	344	315	156
Transportation/shipping/traffic	3	1,539	1,565	1,446	1,323
Building products	3	4,135	3,813	3,976	3,913
Power & power plants	3	1,824	1,610	1,271	1,569
Building management & real estate	3	2,194	2,003	2,020	1,930
Motor trucks & accessories	10	7,833	7,293	7,244	7,546
Maritime/marine/shipbuilding/ repair & operations	2	868	702	602	572
Aviation & aerospace	14	8,727	8,445	8,050	8,406
Fluid power systems	1	1,089	984	1,035	724
Business	3	2,054	2,123	1,876	1,685
Medical & surgical	2	3,328	3,541	3,224	2,903
Rubber	3	1,274	909	886	843
Drugs/pharmaceutics	6	4,828	4,896	4,723	4,394
Landscape/garden supplies	4	2,246	1,847	1,806	1,808
Office equip. & stationery	3	2,109	1,925	1,883	1,667
Chain stores	2	2,548	2,106	1,851	2,108
Packaging (users)	3	3,526	2,471	2,629	3,063
Bottling	2	1,601	1,132	1,121	1,128
Product design engineering	5	5,340	4,873	4,917	4,862
Printing & printing process	6	5,222	4,586	4,564	4,711
Discount marketing	3	2,380	2,046	2,009	1,827

***These 79 business magazine categories**, shown here and on the following two pages, lost a cumulative total of approximately 50,000 advertising pages from 1985 to 1988. However, advertising revenues for these top 79 markets grew 3.75 percent. These markets, which reflect 516 magazines measured, are bringing in more advertising dollars per ad page. Advertising revenue per page is up an average of 33.64 percent for these markets. The data in this chart and*

page growth

Page growth 1985-1988	% page growth 1985-1988	1985 dollars	1988 dollars	% dollar growth 1985-1988	Average revenue per ad page— 1985	Average revenue per ad page— 1988	% growth in average revenue per ad page
2,380	3.55%	$423,401,574	$654,889,512	50.17%	$6,317	$9,436	49.37%
1,205	20.22	36,005,296	61,500,616	70.81	6,041	8,583	42.08
810	27.54	9,507,055	16,953,345	78.32	3,234	4,521	39.82
620	39.47	3,841,485	7,035,686	83.15	2,444	3,209	31.32
545	44.77	7,871,445	13,043,000	65.70	6,460	7,394	14.46
357	1.85	113,714,970	142,826,953	26.29	5,863	7,255	23.32
345	6.68	17,356,560	22,056,140	27.08	3,359	4,001	19.12
338	8.78	17,356,290	24,006,548	38.66	4,578	5,835	27.47
310	33.44	2,762,866	4,677,606	69.20	2,980	3,781	26.87
290	26.08	1,852,275	2,847,222	53.71	1,615	1,969	21.92
279	10.77	6,576,115	9,814,281	49.24	2,542	3,425	34.73
269	2.41	33,211,471	39,943,913	20.27	2,973	3,491	17.44
250	15.34	3,667,832	5,807,160	58.33	2,249	3,087	37.27
239	20.16	4,176,889	5,579,484	33.58	3,517	3,910	11.17
220	24.43	2,732,015	3,976,884	45.51	3,084	3,548	16.94
199	6.43	8,772,490	13,068,206	48.97	2,831	3,963	39.97
168	6.76	8,103,925	9,750,101	20.31	3,262	3,676	12.69
167	5.96	13,234,889	15,459,624	16.81	4,711	5,194	10.24
145	13.51	2,501,426	3,562,454	42.42	2,334	2,928	25.47
77	3.96	4,486,850	6,175,667	37.64	2,305	3,052	32.40
69	12.59	2,500,625	3,212,491	28.47	4,595	5,243	14.11
11	1.09	3,686,780	4,309,261	16.88	3,776	4,365	15.62
10	.14	47,770,325	55,134,866	15.42	6,490	7,480	15.26
-27	-1.84	5,734,220	6,486,078	13.11	3,915	4,512	15.23
-55	-5.12	4,110,745	4,836,067	17.64	3,799	4,711	23.99
-83	-6.86	3,985,725	4,404,291	10.50	3,296	3,912	18.64
-99	-12.64	2,555,590	2,704,140	5.81	3,260	3,949	21.12
-130	-7.17	4,747,545	5,048,245	6.33	2,610	2,989	14.55
-143	-4.54	5,124,705	5,868,067	14.51	1,622	1,946	19.95
-145	-48.98	1,403,665	1,429,429	1.84	4,751	9,482	-99.59
-151	-2.96	30,039,087	30,415,442	1.25	5,890	6,146	4.34
-152	-3.30	25,009,520	30,402,761	21.56	5,420	6,814	25.72
-155	-11.01	5,027,070	5,648,636	12.36	3,567	4,504	26.27
-179	-5.24	12,855,395	16,376,305	27.39	3,765	5,061	34.44
-201	-10.42	4,376,010	4,419,772	1.00	2,273	2,562	12.74
-210	-57.28	1,135,315	591,207	-47.96	3,101	3,780	21.89
-216	-14.05	2,398,775	4,420,457	64.10	1,750	3,342	90.92
-222	-5.37	17,406,036	19,325,388	11.03	4,209	4,939	17.33
-256	-14.02	8,914,500	8,701,508	-2.39	4,887	5,548	13.52
-264	-12.04	8,818,365	10,376,350	17.67	4,019	5,376	33.77
-287	-3.67	34,353,513	31,995,322	-6.86	4,386	4,240	-3.32
-296	-34.06	1,942,520	1,410,948	-27.37	2,229	2,406	10.15
-321	-3.67	59,135,264	63,831,911	7.94	6,776	7,593	12.06
-365	-33.50	4,180,765	3,283,339	-21.47	3,841	4,536	18.09
-369	-17.97	21,573,235	19,058,785	-11.66	10,502	11,310	7.70
-426	-12.79	14,616,825	13,634,395	-6.72	4,392	4,697	6.95
-431	-33.82	3,322,897	3,588,231	7.99	2,609	4,257	63.18
-434	-8.99	22,273,699	26,294,449	18.05	4,614	5,985	29.72
-438	-19.49	6,529,741	8,229,928	26.04	2,907	4,551	56.55
-442	-20.95	7,224,000	7,138,000	-1.19	3,425	4,282	25.00
-445	-17.46	12,042,140	15,144,710	25.76	4,725	7,200	52.27
-473	-13.42	18,000,965	24,656,010	36.97	5,106	8,077	58.20
-476	-29.73	6,036,135	6,142,482	1.76	3,770	5,459	44.82
-478	-8.96	28,085,371	34,257,607	22.19	5,250	7,046	34.22
-511	-9.79	17,089,155	17,624,965	3.44	3,263	3,741	14.67
-552	-23.22	11,045,228	11,906,856	7.82	4,641	6,517	40.42

the others shown here were supplied by four tracking services: Patterson Advertising Reports, C-Systems, Rome Reports and Gallagher Reports. Additional ad page information came from other miscellaneous sources. The information is intended to be a guideline on performance, not an exact measurement of all business magazines, since all the tracking services have varying standards and methods of tracking.

(CONTINUED ON PAGE 116)

past 25 years. Percentage page growth for business magazines has been essentially flat since 1979. During the mid to late 1970s, pages grew by 8 percent and 9 percent from year to year, and have not surpassed 5 percent any year since, according to ABP figures.

The revenue growth is easily explained. Average annual ad rate increases of 7 percent for the business titles have been keeping the bottom line healthy. The ad page erosion is harder to explain.

Hesitant buyers

The business press giants have their own explanations. "There is a lot of concern coming off the stock market crash," explains Robert Burton, president of ABC Publishing, parent company of Chilton Company and Hitchcock Publishing. Advertisers are hesitant. "We feel very positive about the business press area. If we didn't, we wouldn't be in this business," he says. But he adds, "It is much more challenging now than it has ever been."

The proliferation of business titles is also bringing change, says Sal Marino, president of Penton Publishing: "There is hardly a field today where there are not five, 10 and sometimes 20 magazines," he says. These new entries may be taking pages away from the long-established titles. "Down the road," he adds, "the publishing companies that survive will be the ones that are most innovative."

Rosenfield attributes part of the page loss to the merger and acquisition climate of today's economy. Corporations are acquiring other corporations; publishers are acquiring other publishers. The activity has created a period of uncertainty. Corporate acquisitions among the larger companies in an industry especially shrink the ad dollar, since these larger companies account for most of the ad spending. For example, the top 50 advertisers in the general merchandising field account for almost 50 percent of the advertising. In the food service industry, the top 50 control almost 43 percent.

Another explanation comes from Cahners Publishing Company. The lack of page growth reflects an economy that has been slowing down, says Dr. Martin Fleming, vice president, planning. The business press does well when industries are making large capital investments, buying new equipment, he says. Although this spending in the business sector may be slow in the next year, it will be picking up in the early 1990s, creating more need for advertising—and hence more ad pages.

The business activity during the 1970s explains the percentage page gains in the business press during that time. "The second half of the 1970s was a time of strong economic activity, which ultimately led to high inflation," says Fleming. "There were too many demands chasing too few goods. Almost all industries, from housing to machine tools, experienced peak levels of activity and prices got pushed up. But business publishers benefited from the strong activity."

In the early 1980s, the economy began another period of recovery, setting off unprecedented revenue growth for the business press. The strong areas for this recovery have been in the computer, electronics and building and construction sectors, which explains why these categories are some of the strongest in the business press today, he notes. Advertising page growth is related to the economy, and our pages will grow again, Fleming says.

> "One answer is for magazines to beat other media at their own game—to augment advertising with other marketing tools."

Others echo these sentiments. Comparing performance in the late 1980s with 1985 as the base year is misleading, says Dale Bauer, president of Edgewater Management, Inc., a consulting firm. Bauer, former group vice president of Macmillan Inc., parent company of SRDS, notes that 1985 was a year of tremendous revenue growth for the business press. Other years will pale in comparison. Manufacturers are currently holding back on spending, but Bauer is hopeful for the years ahead.

However, business magazines are facing stiff competition from other media. Consider a study on business to business spending conducted in 1986 by Anderson Lembke, Inc., a business to business advertising agency, for *Business Marketing*. The study estimates that business to business spending in the United States totals $94 billion annually, with advertising accounting for

Magazine categories ranked by 1985-1988

Markets	No. of magazines tracked	1985 ad pages	1986 ad pages	1987 ad pages	1988 ad pages
Electrical	9	5,261	4,811	3,920	4,636
Interior design/furnishings/ space planning	6	9,042	9,019	9,202	8,230
Mining	5	1,967	1,555	1,394	1,136
Health care	2	1,823	942	862	811
Air conditioning/heating/ plumbing/sheet metal	13	8,142	6,881	6,956	7,124
Science/research/development	11	8,227	7,436	7,628	7,184
Chemical & chemical process industries	10	8,438	6,952	6,317	7,112
Baking	2	2,982	1,805	1,956	1,647
Hospital administration	8	6,088	4,972	5,182	4,746
Grocery	6	6,556	4,844	5,828	5,171
Control & instrumentation systems	5	4,522	3,711	3,126	3,068
Financial	2	3,560	2,992	2,432	1,925
Office methods & management	7	5,259	4,353	4,058	3,567
Banking	10	8,316	7,842	7,778	6,501
Mfg.-industries/equipment/ products	3	4,523	2,345	2,348	2,532
Automotive/service stations/ garages	26	15,311	13,421	12,993	13,136
Radio & TV	19	14,746	13,763	13,099	12,555
Telecommunications technology	10	12,885	12,218	12,160	10,632
Metal/metalworking & machinery	26	19,346	17,796	14,392	16,066
Advertising & marketing	11	12,917	10,090	8,647	8,464
Travel retail	3	17,098	15,984	14,984	12,578
Petroleum & oil	17	11,159	7,473	6,022	6,412
Electronic engineering	33	55,843	50,919	48,533	48,078
Total	516	482,173	446,480	438,287	431,359

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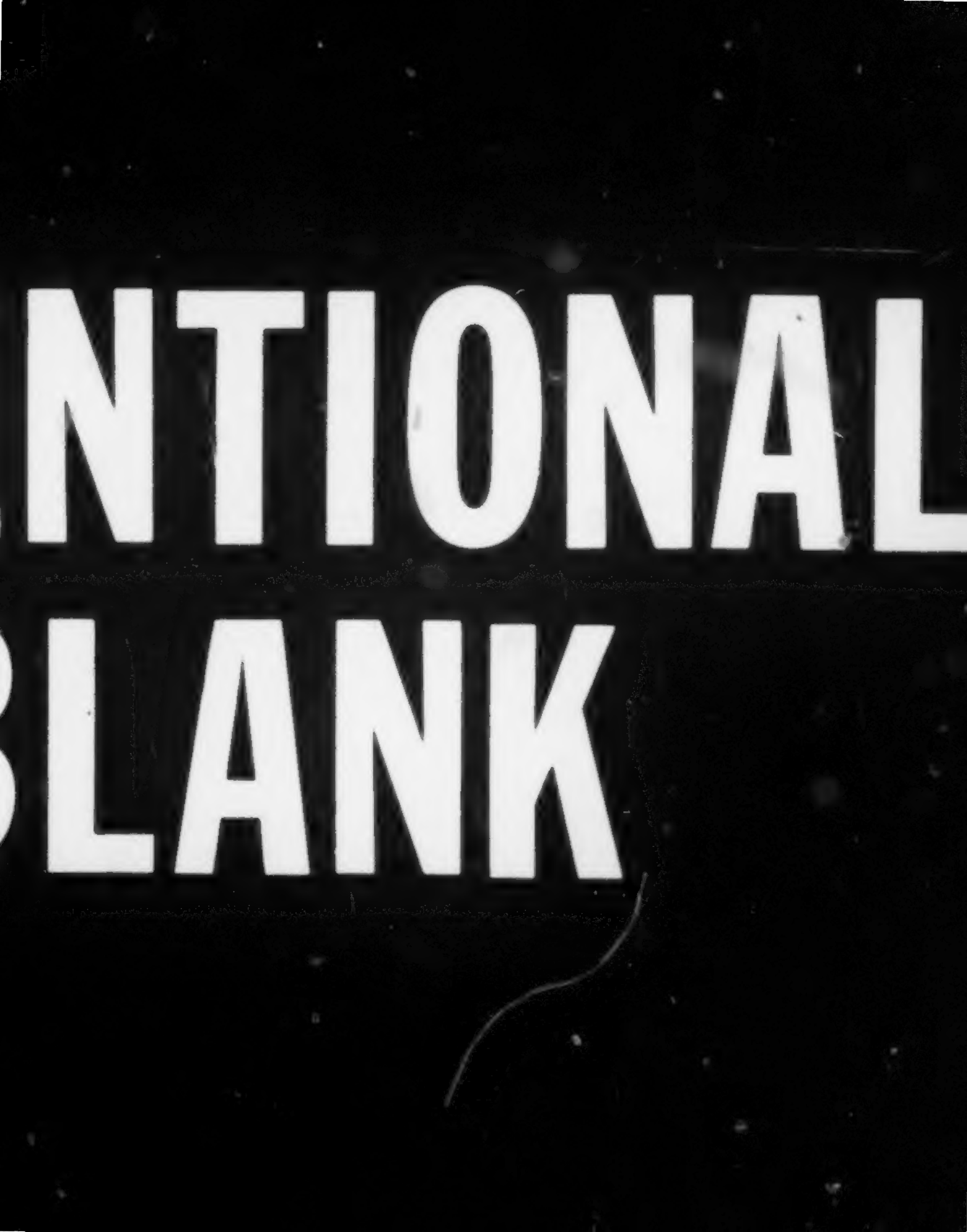
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page growth (CONTINUED FROM PAGE 115)

Page growth 1985-1988	% page growth 1985-1988	1985 dollars	1988 dollars	% dollar growth 1985-1988	Average revenue per ad page—1985	Average revenue per ad page—1988	% growth in average revenue per ad page
-624	-11.87	21,381,321	22,057,486	3.16	4,064	4,758	17.06
-813	-8.99	27,824,006	27,855,830	.11	3,077	3,385	10.00
-831	-42.25	7,594,695	4,721,460	-68.59	3,860	4,156	7.65
-1012	-55.51	2,824,010	2,211,364	-21.69	1,549	2,727	76.00
-1018	-12.51	26,798,063	32,091,876	19.75	3,291	4,505	36.87
-1,043	-12.68	34,830,651	41,190,560	18.26	4,234	5,734	35.43
-1,326	-15.72	41,803,947	43,606,547	4.31	4,954	6,131	23.77
-1,335	-44.76	9,693,740	7,091,687	-26.84	3,250	4,305	32.45
-1,342	-22.04	22,028,456	22,360,264	1.51	3,619	4,712	30.21
-1,384	-21.11	36,922,007	52,301,940	41.66	5,632	10,114	79.57
-1453	-32.14	21,402,220	19,618,404	-8.33	4,733	6,394	35.07
-1,632	-45.84	28,583,955	26,707,416	-6.57	8,029	13,852	72.52
-1,692	-32.18	22,864,525	17,798,386	-22.16	4,348	4,990	14.78
-1,816	-21.83	23,569,104	28,577,363	21.25	2,834	4,396	55.11
-1,991	-44.02	26,904,891	34,031,641	26.49	5,948	13,441	125.97
-2,175	-14.21	67,887,572	76,057,773	12.03	4,434	5,790	30.59
-2,191	-14.86	43,183,178	46,456,613	7.58	2,928	3,700	26.36
-2,253	-17.49	45,355,155	53,834,682	18.70	3,520	5,064	43.85
-3,280	-16.96	60,501,046	58,421,249	.09	3,127	3,636	16.28
-4,453	-34.47	53,312,425	55,539,956	4.18	4,127	6,562	58.99
-4,520	-26.43	68,520,016	65,262,000	-4.75	4,008	5,189	29.47
-4,747	-42.54	39,757,065	23,147,416	-41.78	3,563	3,610	1.33
-7,765	-13.91	257,089,481	266,739,627	3.75	4,604	5,548	20.51
-50,823	-10.54	2,177,012,728	2,603,026,638	19.57	4,515	6,034	33.64

$8.5 billion of this total. Business magazine ad spending makes up $3 billion of this advertising total. Directory spending, consumer magazines, broadcast and Yellow Pages capture other advertising dollars. However, the bulk of business to business spending is in direct marketing—mail and telemarketing included. In total, direct marketing captures $30.8 billion of the business to business dollars. Trade shows capture another $21 billion.

These statistics reflect a challenging marketplace for business magazines. "We are less than 3 percent of the total business to business spending," notes James White, vice president, corporate marketing, for Chilton Company. "We have business press sales representatives going in to sell advertising, but we have media directors pressured to use other media tools that offer more accountability," he explains.

"Our challenge is not only to increase our pages, but to get more of the percentage of the advertising budgets," says Jim Staudt, president and chief operating officer of Vance Publishing Company, publishers of *Modern Salon, Modern Jeweler* and other titles.

One answer is for business magazines to beat other media at their own game—to augment the advertising with other marketing tools. "Advertisers want more bang for their buck," says Burton. The trend to offer additional marketing services is getting stronger, he adds.

Part of the reason for the strategy changes is found in the personality of the corporate media buyer, notes Rick Kean, publisher of *Business Marketing*. Traditionally, advertising buyers had more respect for print. They grew up with print and understood how it worked. Today's buyers are the product of the television generation. Direct marketing and trade shows appeal to them because of the "instant gratification."

> "Direct marketing and trade shows appeal to advertising buyers because of the 'instant gratification' factor."

Kean adds, too, that the old industrial ad managers spent years doing the same tasks, while today's buyer is more likely to be thinking about his future. Today, the job is just a means to an end. "They now think: 'If I can bring in good response numbers, maybe I can get promoted out of here,' " explains Kean.

The new attitude puts more burden on advertising representatives to link advertising with product sales, a difficult job. Telemarketers and direct mailers, on the other hand, can offer actual numbers on who has ordered a product. Trade show representatives have concrete numbers on who stopped by a booth and what materials they were given.

"No longer can we go in with large rate increases and expect advertisers to absorb them," says Staudt of Vance. The advertiser's demands are the reason why rate pressures came about.

Indeed, Chilton, Cahners, CMP Publications, Penton, Vance, North American Publishing and countless others have added some type of support services for advertisers. Anderson Lembke sadly quotes a study that says 72 percent of the leads brought in from a business magazine are not followed up. Even though this is the fault of the advertiser, business magazine companies are building in systems that take the initiative in following up, which im-

Top 25 markets by 1988 average revenue per ad page

Markets	Average revenue per ad page—1985	Average revenue per ad page—1988	% growth in average revenue per ad page
Financial	$8,029.45	$13,852.47	72.52%
Mfg.-industries/equipment/products	5,947.91	13,440.56	125.97
Business	10,501.91	11,310.18	7.70
Grocery	5,632.18	10,113.75	79.57
Materials handling & distribution	4,750.78	9,452.12	99.59
Automatic data systems	6,316.87	9,435.51	49.37
Building	6,040.74	8,582.89	42.08
Packaging (users)	5,105.63	8,076.92	58.20
Aviation & aerospace	6,776.15	7,593.22	12.06
Travel business conventions & meetings	6,489.54	7,479.64	15.26
Industrial purchasing	6,459.89	7,393.99	14.46
Restaurants & food service	5,883.08	7,255.31	23.32
Chain stores	4,725.45	7,200.28	52.37
Product design engineering	5,249.97	7,046.45	34.22
Plant engineering/facilities maintenance/operations	5,420.04	6,813.91	25.72
Advertising & marketing	4,127.20	6,561.67	58.99
Discount marketing	4,641.48	6,517.40	40.42
Control & instrumentation systems	4,733.32	6,393.53	35.07
Architecture	5,890.02	6,145.91	4.34
Chemical & chemical process industries	4,954.01	6,131.48	23.77
Drugs/pharmaceutics	4,613.73	5,984.73	29.72
Plastics & composition products	4,577.76	5,835.08	27.47
Automotive/service stations/garages	4,433.79	5,789.90	30.59
Science/research/development	4,233.80	5,733.63	35.43
Electronic engineering	4,603.78	5,548.06	20.51

Source: Business Development Group, Inc.

These 25 categories are bringing in the most money per advertising page. This measurement, also called the yield, is calculated by dividing the total advertising revenue for a category by the number of ad pages.

proves the chance of sale and enhances the image of the business press.

Chilton, for example, has set up four separate services to offer "value added" products to its advertisers. For starters, there is Ad Chart, a service that measures advertising awareness. Readers are asked: Did you see this ad? What action did you take?

In addition, Chilton offers Focus, a face to face product testing service for advertisers. The company conducts 100 interviews in 10 major markets on its advertisers' new products. "We can ask what they think of a new belt for an engine, or a rust inhibitor for a plant," says White. The publisher can also test ad copy and pricing strategies for its clients. Advertisers pay for the service, explains White.

Chilton also offers research on their advertisers' markets. The company's Magazine Advertising Information Center includes 600 databases that advertisers can access. The company also offers a direct marketing service that includes telemarketing. Callers contact those who have sent in reader service cards, explains White.

In addition, ABC purchased P.E.M.C.O., a trade show company, in 1986 to expand the base with advertisers.

Chilton is not alone in its attention to support services. Penton offers research, direct marketing and has some trade show activity, notes Marino. Penton also offers a "value added program," which allows an advertiser in any publication to receive credits that can be used in a variety of ways.

> "This company picked up several hundred pages of advertising through supplements."

For instance, the credits can go toward more advertising pages, or toward a stay at Penton's golf and tennis resort in Florida, an appealing place to hold sales meetings.

Cahners, too, offers similar research, direct marketing and trade show products. In addition, the company has a "space credit" incentive that allows advertisers who buy more than $250,000 worth of space to get a percentage of free page space in the future, explains Peter Boniface, vice president, national accounts, publisher of Cahners Magazine Network. The company also supplies the Cahners Economic Forecast, which spots trends for its advertising clients.

Another tactic is to offer more advertising opportunities. Penton, which finished 1988 with a flat year for its magazines, picked up several hundred pages of advertising through supplements. The company prepared and scheduled the same supplement to run in all of its magazines that cover heavy

industry, for example.

The key is to change the marketers thinking about direct marketing as the only tool, says Staudt of Vance.

"We want to show advertisers that direct marketing alone, without trade advertising, will not have the same impact as trade advertising supported by direct marketing," says Staudt. Trade advertising can get to top management people who are usually not accessible to a company's salespeople or to phone callers.

Value added services will not completely solve the problem, however, says Ned Borowsky, president of North American Publishing, publisher of *Printing Impressions, Magazine & Bookseller* and other titles. "The most innovative and unique marketing support program in the world won't help close on a product that is out of touch with the market. Value added programs are simply closing tools," he says.

Indeed, other publishers note that the product is everything, especially in today's environment. Newsletters, databases and computer accessed information are creating new information streams. "Magazines with dull graphics and old news are not going to grow," says Rosenfield. "Publishers would be wise to evaluate lead times and cut them for editorial. If we don't, we are hurting our perception in the industries we cover," he says.

Michael Leeds, president of CMP, agrees. Although the new "desktop" publishing technology is making it easier for people to get into publishing, it

> "The most innovative and unique marketing support program won't help close on a product that is out of touch with the market."

is not necessarily improving the quality of editorial content, he says. Emphasis on quality editorial helped CMP grow 20 percent in total revenue last year, he says. "We view ourselves as a newspaper company," he says. The text editing systems, deadlines and personnel are more like a newspaper's than a magazine's, he claims.

A new attention to content

Observers of the business press are noticing a new attention to content, overall. "Publishers are realizing that if they are in the business of reporting the news, they'd better be the best; if their niche is analyzing the news, they'd better be the best analysts," says Arun Sinha, media director of Anderson Lembke. He notes that significant improvements have been made in the computer and data processing magazines.

Others stress that the business press must give more credence to the research done by the Association of Business Publishers and the Advertising Research Foundation. The two associations issued a report in 1987 that proved the effectiveness of advertising in the business press. Although some magazines, including FOLIO:, have given coverage to the study, Rosenfield

Top 25 markets by 1988 ad pages

Markets	1985 ad pages	1988 ad pages	% page growth 1985-1988
Automatic data systems	67,027	69,407	3.55%
Electronic engineering	55,843	48,078	-13.91
Restaurants & food service	19,329	19,686	1.85
Metal/metalworking & machinery	19,346	16,066	-16.96
Automotive/service stations/garages	15,311	13,136	-14.21
Travel retail	17,098	12,578	-26.43
Radio & TV	14,746	12,555	-14.86
Engineering & construction	11,173	11,442	2.41
Telecommunications technology	12,885	10,632	-17.49
Advertising & marketing	12,917	8,464	-34.47
Aviation & aerospace	8,727	8,406	-3.67
Interior design/furnishings/space planning	9,042	8,230	-8.99
Motor trucks & accessories	7,833	7,546	-3.67
Travel business conventions & meetings	7,361	7,371	.14
Science/research/development	8,227	7,184	-12.68
Building	5,960	7,165	20.22
Air conditioning/heating/plumbing/sheet metal	8,142	7,124	-12.51
Chemical & chemical process industries	8,438	7,112	-15.72
Banking	8,316	6,501	-21.83
Petroleum & oil	11,159	6,412	-42.54
Food processing & distribution	5,168	5,513	6.68
Grocery	6,556	5,171	-21.11
Architecture	5,100	4,949	-2.96
Product design engineering	5,340	4,862	-8.96
Hospital administration	6,088	4,746	-22.04
TOTAL	357,134	320,336	-10.30

Source: Business Development Group, Inc.

Only 6 of the top 25 markets have increased page count from 1985 to 1988. The top category, automatic data systems, reflects the growth in computer titles during the second half of the 1980s.

Markets ranked by number of pages lost from 1985 through 1988

Markets	1985 ad pages	1988 ad pages	Page losses 1985-1988
Electronic engineering	55,843	48,078	-7,765
Petroleum & oil	11,159	6,412	-4,747
Travel retail	17,098	12,578	-4,520
Advertising & marketing	12,917	8,464	-4,453
Metal/metalworking & machinery	19,346	16,066	-3,280
Telecommunications technology	12,885	10,632	-2,253
Radio & TV	14,746	12,555	-2,191
Automotive/service stations/garages	15,311	13,136	-2,175
Mfg.-Industries/equipment/products	4,523	2,532	-1,991
Banking	8,316	6,501	-1,816
Office methods & management	5,259	3,567	-1,692
Financial	3,560	1,928	-1,632
Control & instrumentation systems	4,522	3,068	-1,453
Grocery	6,556	5,171	-1,384
Hospital administration	6,088	4,746	-1,342
Baking	2,982	1,647	-1,335
Chemical & chemical process industries	8,438	7,112	-1,326
Science/research/development	8,227	7,184	-1,043
Air conditioning/heating/plumbing/sheet metal	8,142	7,124	-1,018
Health care	1,823	811	-1,012
Mining	1,967	1,136	-831
Interior design/furnishings/space planning	9,042	8,230	-813
Electrical	5,261	4,636	-624
Discount marketing	2,380	1,827	-552
Printing & printing process	5,222	4,711	-511
TOTAL	251,614	199,852	-51,762

Source: Business Development Group, Inc.

Some markets are hurting more than others. *Here are the 25 markets that have lost the most pages between 1985 and 1988. As expected, many of the heavy industrial markets are on this list.*

does not believe that enough advertising personnel in the field have presented the results to advertisers. Meanwhile, ABP-ARF is committed to updating the study. ABP is budgeting $50,000 per year over the next three years to study advertising effectiveness on the sale of more products.

"It is up to business press companies and their representatives to spread the word," agrees Staudt. At the company's national sales meeting this summer, an ABP representative came in to explain the study. "Just sending a 48-page report to an advertiser will not get the job done," says Staudt. The company's representatives have in turn presented the report to advertisers who are cooling off, he says.

Changing selling strategy

Rosenfield believes, too, that part of the solution lies in changed selling strategy. Sales representatives no longer concentrate on selling schedules. The switch in thinking came with the 1973 oil embargo, he says. That year was a difficult one for the business press. Inventories were being controlled, and companies didn't want to release long term budgets. "It became dialing for dollars," says Rosenfield. Sales representatives were being pushed by publishers to get the next page for the next month.

> "Sales representatives have to communicate more effectively on how their magazines can help advertisers grow their businesses profitably."

"Now we're at a point where publishers and their representatives have to improve their image," says Rosenfield. "Sales representatives must become recognized as marketing authorities. Sales reps have to communicate more effectively on how their magazines can help advertisers grow their businesses profitably," he asserts.

Will the new attention to value added services increase the business publishers market share in the years to come? It remains to be seen. Perhaps we will have a business press where the giants get bigger, and the smaller companies that do not invest in the services fall by the wayside.

"I don't know what magazines can do to compete," says Sinha. "Unless magazines put together some good value that they can add, nothing much is going to change," he says.

"We can't survive if we are one dimensional," adds Marino of Penton. "We'll see more unique ideas than we've ever seen before in our business. Those of us who lead will be the ones who win. It won't be easy. There will be some blood on the floor."□